



Whitehorse Ratepayers and Residents Association Inc

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28th August, 2015

Local Government Rates Capping and Variation Framework Review,
Essential Services Commission,
Level 37, 2 Lonsdale Street,
Melbourne, VIC, 3000.

Dear Sir/Madam,

Re: ESC DRAFT REPORT – CALL FOR SUBMISSIONS

The move to Rate Capping is fully supported by Whitehorse Ratepayers and Residents Association.

For too long Councils have been “Gods unto themselves”, with their hands exorbitantly in Ratepayers pockets, largess without accountability, and treating Ratepayers with contempt..

We also welcome comments from ESC identifying that, whilst it will not be a perfect system in the first iteration, there will be further opportunity to refine the system as time and experience progresses.

However, from our experience with Whitehorse Council, we are extremely concerned with a number of areas of the proposed Rate Capping and Variation Framework.

Please find attached our submission for consideration.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C. Carter'.

Colin Carter
Secretary,
WRARA.

SUBMISSION

TO

ESSENTIAL SERVICES COMMISSION

REGARDING

A BLUEPRINT FOR CHANGE

LOCAL GOVERNMENT RATES CAPPING & VARIATION FRAMEWORK REVIEW

DRAFT REPORT – JULY 2015

BY

WHITEHORSE RATEPAYERS AND RESIDENTS ASSOCIATION Inc.

28TH AUGUST, 2015

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AN INTRODUCTION TO WHITEHORSE CITY COUNCIL AND OUR CONCERNS

Whitehorse Ratepayers and Residents Association connection with “the council” and its administration show we are dealing with a belligerent, egotistical, opportunistic, and incompetent council in Whitehorse.

This is of extreme concern, and is certainly of some embarrassment that it must be highlighted.

A council with a propensity to spray cash at philanthropic and superficial and “feel good” events rather than focus on good delivery of basic services, infrastructure rationalisation, and maintenance, is evident. It is a council which uses a minimum of business acumen, and often treats ratepayers with contempt.

We often relate this ‘window dressing’ council to a cake with lots of icing, froth and bubbles, and sparkles and sprinkles on top, whilst the bottom of the cake is crumbling!

And there are numerous factual examples of this (and these examples are but a few): –

- From councillors feeling more at home talking about afternoon teas in the local library with a couple of second rate authors, than talking and acting on traffic grid lock and major major parking issues in Box Hill, and we note these parking issues are creeping and nucleating like a disease across the broader Whitehorse,
- To spraying almost \$150,000 (0.15% equivalent rate rise) on a 20th anniversary celebration of the Kennett amalgamations in November 2014 (with all of about 150 adults and children attending!),
- To spending almost \$1m per year (1.0% equivalent rate rise) on totally unjustified replacement of playgrounds (which simply require maintenance), claimed in writing and contractually in tender and purchase-order documents to comply with Australian Standards, but don’t!!
- To having no monitoring or maintenance on roadside drainage pits (out of site – out of mind - until our survey recently exposed significant risks of cave-in/fall-in with about 50% of pits!)
- To significantly increased costs per tonne of hard waste collection, and now with “hard waste in your face 24/7, 52 weeks a year”, all by inept introduction of a phone booking system which was opposed by a majority of ratepayers and residents, and justified by councillors that it would eliminate scavengers (and “remove some risks to pedestrians from slow moving distracted drivers”), but the system hasn’t reduced the numbers of scavengers at all.
- To gross ineptitude when council mowers have badly damaged reserve light poles, with resulting significant pole collapse and electrical hazards adjacent to a children’s playground, and have through council’s gross incompetence, left it to ratepayers to work with Energy Safe Victoria and Jemena to make safe and resolve.

- To incompetent management of key systems resulting in hoons accessing reserves with cars doing wheelies and destroying assets and amenity.
- To incompetent installation and secure management of reserve drain covers resulting in a child entrapment necessitating intervention of emergency services.
- To a gross inability and lack of will to apply and enforce many of its Community Laws and By-Laws. For example the large numbers of permanent vehicles parked on nature strips is in contravention of Council's own written policy, as well as the State Statute.
- To commit to spend almost \$80 million on an entertainment centre redevelopment (The Whitehorse Arts Centre) for the 2% of residents who use it, and commit a further \$28m on a Nunawading Hub redevelopment (for which no one knows any detail whatsoever!), spend all council's financial reserves, and place Whitehorse ratepayers heavily (about \$30m) into debt for many many decades to come, and all without a justification or business case or any meaningful and honest Consultation.
- To move from a 5.6% rate increase to a 7.6% rate increase for 2015/6, with the extra 2% admitted by the Mayor in an open Council Meeting as a cash grab prior to Rate Capping!
- And more....

Since the Federal Government's Border Control Policy set the terminology precedent, inquiries by Residents and Ratepayers to Council have increasingly been met by "we don't comment on procedural matters". Suddenly everything is a procedural matter.

We are very concerned that council is becoming a totally closed shop with opaque screens all round (with the exception of its window dressing).

And the result?

Ratepayers are totally disenchanted. They have become disillusioned and indifferent as their voices are not being heard, not once, but over many years. They are disenfranchised.

So it is important that rate capping be structured to contribute to, and assist with the solution of, the many problems that Whitehorse Council is creating for Ratepayers.

A) COUNCILS' PRETENCE OF CONSULTATION

SUMMARY:-

The ESC has successfully been misled by Councils' and their representative bodies into believing that good robust and true consultation with Ratepayers is, and has been, occurring.

Some Councils are simply going through the barest motions with regard to Consultation. Sliding around the Local Government Act at best, and with a "closed shop" approach to decision making.

A good set of quantifiable ground rules for Consultation must be set by the ESC and they must be enforced to cover both the CPI/WPI Cap portion of the Budget irrespective of and as well as any Variation process. This is essential in order for the ESC to meet its Terms of Reference.

WHAT IS CONSULTATION

Consultation is engagement with Ratepayers and is not just service to the community through imparting knowledge about finances and budgets.

Engagement is a **reciprocal process** whereby communication is backed up by interaction in ways that can effectively alter the way the budget is perceived by both Ratepayers and Council.

Genuine engagement moves beyond the level of mere service and allows the opportunity for societal response to help redefine the nature of any Budgetary problem itself and perhaps forge new solutions.

Genuine Community Engagement is **founded on mutual benefit and reciprocity**. Community Engagement is a **collaboration** that brings the strengths, skills, knowledge and resources of the Council and Ratepayers together.

By working with the Ratepayers as **equals**, new knowledge and solutions are created that have a lasting impact upon today's critical social, cultural, economic and environmental issues especially in regards to equity, social inclusion and cohesion.

WHAT THE ESC HAS SAID

The ESC has erroneously taken on-trust the statements by Councils' in Section 1.1 of its Draft where the ESC states:-

"In many ways, the rates capping and variation framework **largely relies** on the **transparent, deliberative and consultative processes that councils advised us they already adopt** when setting their budgets and their rates."

Dr Ben-David's "Message from the Chairperson" in the above report similarly identifies the total reliance of ESC's proposals on the assumption of good existing Consultation Processes.

And, unfortunately, nothing could be further from the truth!

Without this foundation of honest, true, and meaningful consultation the ESC identifies that its framework disintegrates. The framework is reliant on the foundation of good Consultation.

The above is further emphasised at page 19 of the ESC Draft which states (with regard to variation triggers):-

“In general terms, we consider councils **and ratepayers are best placed to decide** whether circumstances warrant applying for a variation.”

This presumes that Ratepayers have some influence over the Budget. But by what mechanism??. The current pretence of “Consultation”??. Ho, Ho....

THE EXPERIENCE IN WHITEHORSE

The overall experience in Whitehorse is one of a mechanical pretence of Consultation. And the evidence of this is blatantly available in the public domain.

For example, attached as Appendix I is a one page extract from Whitehorse’s 2015/6 Draft Budget, including the following quoted (claimed comprehensive) list of Ratepayer “Consultations”:-

- a. Councillor Budget Committee chaired by the Mayor which included all Councillors and met monthly from December
- b. Annual Residents’ Survey including Budget specific questions mailed to 1,600 randomly selected residences in October 2014
- c. Review and consideration of early Budget submissions
- d. Two community information sessions held in March 2015 to discuss the development of Whitehorse’s Budget 2015/16
- e. A number of other Council consultations held throughout the year impacting on the development of the Budget 2015/16

The following comments regarding this claimed “Consultation” are relevant:-

- a. The **Councillor Budget Committee** meetings are closed meetings with no Ratepayer participation and no feedback to, or involvement of, Ratepayers. How can closed meetings excluding Ratepayers be called Consultation with Ratepayers????
- b. The **Annual Resident’s Survey** is a home grown survey run by Whitehorse Council. Whitehorse has always run its own surveys, but did participate in the 2013 and 2014 State Government Customer Surveys. The result for Whitehorse in 2014 was a complete shambles, with a statistically significant fall from grace. Whitehorse fell to near the bottom of performances by a Melbourne Council. Whitehorse’s subsequent response has been to not participate in the latest State Survey so as to hide the reality of its poor performance. This is a blatant cover up. Window dressing at best.

Further, with regard to the impartiality of questions in Whitehorse's own Annual Resident's Survey, it is a classic for asking **biased leading questions** such as "if you had \$100 what services would you spend it on?". Unfortunately the survey is blatantly biased to spending and Council growth. Ratepayers are never asked "if you didn't have \$100, what wouldn't you spend it on?" i.e. what services would you discontinue, or make user-pay?.

- c. **Early Budget Submissions** occur prior to any public release of Budget details or guidelines for the forthcoming period. Hardly healthy Consultation. And Council is loath to identify what or even how many submissions.
- d. The **Community Information Sessions** were also prior to any release of Budget details or guidelines for the forthcoming period. Whitehorse Ratepayers and Residents Association members attended both sessions and, at best, the Council representatives provided a PowerPoint summary (regurgitation) of the previous years high level budget information. No interaction with regard to the current draft budget occurred.

In a prior year Community Information Session (a combined two-ward budget forum), a Ratepayer asked the Council CFO if such a session had ever resulted in a change to the budget. The CFO was brought back to the question several times as he squirmed to avoid answering. He eventually responded that in his experience such a session had **never resulted in an alteration to a budget**. The CFO then handballed the question to the two Councillors present and they confirmed the CFO's statement.

And again that session was nothing more than the PowerPoint high level regurgitation of the previous year budget.

- e. The **Other Council Consultations** throughout the year sounds like a mischievous statement of which there is no supporting evidence. We are not aware of any such events.

And the conclusion?.

Council is not Consulting, and demonstrably has not Consulted on the 2015/16 Budget.

And the result?.

Council is holding Ratepayers in contempt. Ratepayers are totally disenchanting, and disenfranchising, and have become disillusioned and indifferent as their voices are not being heard.

In Whitehorse No budget Consultation occurs once the draft budget is released. And surely this is the time that Consultation should come to the fore.

A record 68 written complaint submissions were made concerning the 2015/6 Draft Whitehorse Budget. Ten complainants were permitted to address a Council Special Committee Meeting. **No change in the budget resulted, and the only feedback was the statutory Local Government Letter identifying a "fait accompli"**.

And, if there is no Consultation with regard to Budgeting and Rates, one could expect a lack of Consultation in other areas. And indeed this is the case.

Whitehorse Ratepayers and Residents Association has numerous examples of Whitehorse Council operating with only the pretence of Consultation, if any at all. It is effectively “running as a closed shop”.

APPEARANCE BEFORE THE LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Whitehorse Ratepayers and Resident’s Association made a submission to the above Standing Committee on Rate Capping, and was asked to present before the Committee as a result.

Immediately prior to our presentation, a combined presentation was given to the Committee by the MAV and VLGA.

The VLGA spokesperson blatantly stated that Whitehorse, with its 7.6% highest in the state rate increase for 2015/16, was an extremely well justified, well thought through, and rational increase.

Unfortunately this is further evidence that the representative bodies of Councils are attempting to mislead the Government and ESC.

The Mayor of Whitehorse has stated in an open Council meeting that the 2%, for which Council has no idea what it will be spent on, simply included a 2% cash grab as a result of the forthcoming Rate Capping.

So much for open and honest Consultation.

CONSULTATION THAT THE ESC IS PROPOSING IS GROSSLY INADEQUATE

The ESC has yet to identify what it expects will occur as far as the detail of Consultation by Councils with regard to Budgets and Rates. What constitutes good Consultation??.

Further the ESC has identified that there will only be a requirement of Consultation with regard to a review of a Variation application. So if there is no Variation application, there is no Consultation (in Whitehorse).

This is totally inadequate and grossly undermines the purpose of a meaningful and effective Rate Capping and Variation Framework.

The ESC must identify what it expects Consultation between Council’s and Ratepayers to be.

And Council’s must use the same enforceable procedural approach in its formation of the Budget up to the Rate Cap, not just for the Variation portion.

Under the current Draft proposal, If there is no application for a Variation there will be absolutely no scrutiny of the CPI/WPI portion of the budget and no change in the current pretence of Consultation. The Government must include in the statutory requirements that true engagement with Ratepayers must occur with Rate Capping, that Ratepayer feedback must be included in decision making, and if necessary have an independent arbiter review the standard of Consultation and subsequent decision making.

The alternative is to include Ratepayer veto powers over rate increases in the statute.

Further, there is extreme concern that Ratepayers will not be included in any ESC considerations for variations, especially given the devious and dishonest claims by Whitehorse Council.

So, Whitehorse Ratepayers are urging inclusion of:-

1. A minimum prescriptive standard for Consultation by Council with Ratepayers and subsequent outcomes,
2. Council Consultation with Ratepayers in the CPI/WPI component irrespective of a subsequent Variation Application, and
3. The opportunity for Ratepayers to be involved in Variation evaluations by the ESC in order to help assure probity by Councils.

The above inclusions are well within the ESC's Terms of Reference.

[See also section F) regarding the United Kingdoms current statute]

B) TRANSPARENCY

SUMMARY

Council Budgets are publicised at a very high level, i.e. with an absolute minimum of detail, and with no detail in most recurring expenditure areas.

The ESC in its draft has taken a very narrow view of Transparency, and with a focus only on monitoring.

For Council to meet any probity check it must provide the full detail of its zero-based/bottom-up Budgets for Ratepayer and ESC scrutiny, and as a foundation and prerequisite for any meaningful Consultation.

ESC AND GOVERNMENT REQUIREMENTS

The ESC has taken a rather narrow view of transparency from its Terms of Reference, and is only advocating for a minimum of data to view the end effects or result of Rate Capping.

This contrasts with the broader stated objective of Government as:-

The State Government's objective is to contain the cost of living in Victoria while supporting council autonomy and **ensuring greater accountability and transparency in local government budgeting and service delivery.**

The ESC has a focus on the "outputs" of Rate Capping rather than a focus on the "inputs" (i.e. Transparency) so that it can be done properly in the first instance.

THE EXPERIENCE IN WHITEHORSE

The draft budget as published by Whitehorse is a minimalist mismatch of information. (Copies are available at Council's website).

Capital Projects are generally well listed.

However in the draft budget documentation which is all that Ratepayers get to see, it is not possible to determine how much of what is funded by government grant versus 'rates'. No details are included on any recurring expenditure at Whitehorse. This spending is lumped into high level service delivery or departmental areas. E.g. Festivals and celebrations and sister cities and all other detail is totally withheld and is 'sacrosanct'. Proposed philanthropic cash sprays are hidden. Inefficiency is hidden. One could easily interpret it as "Let's keep Ratepayers ignorant and make life easy".

For example, Ratepayers only became aware in late 2014 that Council was planning for a 20th anniversary public celebration of the Kennett Government amalgamation of Councils. (Surrounding Councils, whilst being fully cognisant of the anniversary, stayed well away from such stupidity). Whitehorse Ratepayers were furious. About \$150,000 later (and with less than 150 participants, and most of those were children who came for the face painting and the like!), Whitehorse Councillors' opt-out was "why didn't you complain at draft budget time". The only problem being that Whitehorse Ratepayers are not privy to this level of detail at draft budget time!!!

The ESC is further proposing reliance on Council generated documents such as the Annual Report.

These reports at best are window dressing (and Whitehorse has historically won the best annual report award – so the worst must be an eye opener). For example, year on year everything is always completed in full-on-time-on-budget which is a near impossibility. There are no problems or controversies or anything which might put Whitehorse in a "bad light". Not even reports on the frequency of occurrence and cost of graffiti removal, or the abysmal performance of the hard waste collection system, or the performance of Council relative to Community Laws and By-Laws!!. So there is pathetic reporting of even the basic core services.

WHAT THE ESC IS PROPOSING IS INADEQUATE

In order to keep the Whitehorse council honest and assure that Council is doing its utmost to truly represent Ratepayers, and to truly reflect the State government's objective and Terms of Reference, a much broader spectrum of data must be available compared with the ESC proposal.

For Ratepayers to be able to participate in any consultative process in any way they must have access to meaningful Budget information.

It is also fully appreciated that a serious cost impost not be placed on Council in data generation.

However Council assures Ratepayers that it uses a fully zero-based/bottom-up budgeting process in all areas. **So all the Ratepayer required detailed Budgeting information is currently fully available within Council.**

It is a prerequisite that this detailed budget information be available, for example online, for Ratepayers to peruse and evaluate, and to use in the Consultative process.

So, Whitehorse Ratepayers are urging inclusion of:-

- 1. The Public release of the fully detailed bottom up budget which is an existing document within Council, and to be released preferably on Council's website.**

The above inclusion is well within the ESC's Terms of Reference.

[See also section F) regarding the United Kingdoms current statute]

C) CPI AND WPI

SUMMARY

The argument to have a WPI component in the Rate Cap is very weak.

The Rate Cap should simply be a CPI cap (with the cap excluding those areas of income as identified by the ESC Draft Report).

Councils have been spraying money with the same frivolity at wages (the 40% portion) as it has the balance of costs (the 60% portion).

And based on the rate of increase of Victorian private and public sector wage data, and WPI and CPI data, there is no substantive case supporting inclusion of a WPI.

LOGICAL ARGUMENT AND REASONING – CPI/WPI versus CPI

The move to CPI/WPI capping is far superior to the historic situation, but it can be improved. The fundamental reason for Rate Capping is to rein in the gross extravagances and inefficiencies of Councils, i.e. the non-consultative philanthropic cash sprays due to Councils' access to Ratepayers bottomless pockets. Councils must be made accountable.

However why doesn't CPI apply equally to all aspects of General Rates and Municipal Charges? Why split out a WPI component?

It is accepted that General Rates and Municipal Charges are made up of an approximate 40% labour component and 60% of other costs.

Councils have had the same frivolous approach and attitude to wages (the 40%) as they have had with other costs (the 60%). So why is the wages component being singled out for **special and less stringent consideration** relative to the other costs?.

The draft report identifies:-

“Councils and their representatives bodies have made repeated representation to the Commission that a cap based solely on changes in the CPI may unduly constrain their operations. The relatively high proportion of employee costs, and **relatively high rate of increase in those costs in recent years** across the local government sector appears to be the primary cause for this concern.”

Councils have stupidly sprayed cash at their employees just as they have stupidly sprayed cash philanthropically and with abandon in other areas. So the **same** delinquent attitude must be addressed in both areas, and **not one area more leniently than the other**.

We note the following significant factors:-

1. For the financial year just ended that Victorian private sector pay rises were 2.2%, and the public sector wage rises were 2.5%, or overall a 2.3% increase. This is well below WPI.

2. We further note that Victoria has an ageing population, and the significant and growing number of Retirees on the pension receive only CPI for pension increases to cover basic living.

Ratepayers are under increasing cost pressure. Utilities and taxes are increasing at an unrealistic and disproportionate rate, well above CPI, with Ratepayers having an ever decreasing percentage of their funding to cover their personal day to day liveability. And Whitehorse demographics are projected to move significantly towards an ageing population with a decreasing real income.

So how can Council's continue to charge rates above the CPI?. What is the breaking point for households where household incomes are not increasing at CPI?? Charging rates above CPI is simply not sustainable. Households are failing financially now. All that is required is an algorithm to calculate when everything progressively collapses around Ratepayers lives. Is it the ESV's intent to push home owners out of owning homes?

And the hardship policy of Councils is simply you can pay progressively through the year, interest might be waved, but fail to pay and they will have your house.

3. The DTF (Department of Treasury and Finance) website download "2015-16 Budget Macro Economic Indicators.XLSX" shows that, with the exception of a blip in the GFC (Global Financial Crisis) year 2009-10, that in fact the WPI has continuously decreased year on year from a peak of 4% in 2008-9 to 2.7% in 2013-14. Why then are Councils' claiming a "relatively high rate of increase in employee costs in recent years" when during this period other external indicators are demonstrating the exact opposite – that in fact the rate of increase should be falling? So Councils are bucking every external trend indicator.

The most probable scenario is that the increases are internally driven, and without just cause.

THE WHITEHORSE EXPERIENCE

In Whitehorse the employee agreement has been for year on year increases of 4%. This is abhorrent and a reflection of the ongoing cash sprays by this Council. It is well in excess of any Public expectation. Managerially the Council is extremely top heavy with a grossly overpaid executive.

The employee Benefits portion of the Whitehorse budgets identify:-

2013/14 increase on previous year = 12.6%

2014/15 increase on previous year = 5.7%

2015/16 increase on previous year = 2.5%

It is not apparent in Council's budget document where the balance of the employee benefits is coming from this year, 2015/16.

The 2014/15 increase is fairly typical of historical increases.

However the 2013/14 increase warrants special attention as follows.

SUPERANNUATION – LOCAL AUTHORITIES DEFINED BENEFITS AND ACCUMULATION

Councils failed to heed warnings in the latter decades of last century and early this century that there was a very very significant unfunded portion of entitlements in the Local Authorities Defined Benefit Superannuation Fund.

A majority of company and publically available superannuation funds converted very early to accumulation arrangements, but because Councils had access to large quantities of liquid funds (called Ratepayers) any rational fiduciary changes were put off. It was to the significant benefit of the decision makers not to move to an accumulation base.

So we now see Ratepayers being hit with Councils historical largess, hence the significant increase in Employee Benefits in 2013/14, i.e. every time there is a call for funding the liability.

FORECAST ERRORS IN THE WPI AND CPI DATA

No substantial explanation of the forecast versus actual differences has been made by ESC.

For example in the DTF (Department of Treasury and Finance) website download “2015-16 Budget Macro Economic Indicators.XLSX”, it is very apparent that forecast numbers for WPI can be $\pm 0.5\%$ to $\pm 0.75\%$ in error relative to the subsequent actual outcome. And one would presume that this inaccuracy is being exacerbated by the fragile economic times currently being experienced. And similarly for CPI.

Such a variation due to forecasting error is totally unacceptable and the ESC must seriously consider the incorporation of a correction factor in the CPI (and WPI if it is used) which incorporates the forecast for the forthcoming period, and a correction for the just finished period.

WHAT THE ESC IS PROPOSING IS INADEQUATE

Whitehorse Council has some \$80m of reserves. With the announcement of Rate Capping, Council is, “very coincidentally”, acting to immediately spend all its reserves on totally frivolous, unnecessary, and unjustified infrastructure, as well as borrow some \$30m and put Ratepayers into debt for decades to come. The most likely logic is Council would “have its cake (reserves) and eat it (future Variations)”. It effectively means that Whitehorse Council considers it would be in a better position to raise Variations above the CPI/WPI cap into the future if it has no reserves and is in debt.

We urge the ESC in their proposals to direct Councils to commit the necessary nett present value portion of their reserves to meet all of the future unfunded portion of their Defined Benefit Superannuation liability and be released from it. We are concerned that the major superannuation costs due to the multi million dollar defined benefit fund financial deficits will be put up front for a Rate Cap Variation, when they should be funded from current reserves or provisioned from current reserves

Further we request that the ESC require a freezing of Council reserves until realistic and meaningful Consultation can take place and there is sound business acumen used for the use of financial reserves.

We are extremely concerned, and the ESC is strongly encouraged, to immediately place a cap on major Capital Project Commitments by Council until Rate Capping has been fully introduced and bedded down.

We also very strongly request the ESC to do a further rational review of the uncapped portion of the framework. All items in the uncapped portion should be on a fee for service basis. This means that areas such as Community Laws and By-Laws should be included and be self funding.

Similarly the business ventures of Councils (In the case of Whitehorse, businesses such as Leisure Centres and Golf Courses) must be stand alone fully accountable businesses not dependant in any way on Ratepayers for funding a very small minority Resident/Ratepayer participants. Governments and Councils must exclude themselves from competitive local businesses.

I) WHICH YEAR TO USE AS THE BASE

SUMMARY

Many Councils, upon the announcement of Rate Capping, have reacted as demonstrated in their recent 2015-16 budgets. Some positively, and some negatively, with regard to their responsibilities to Ratepayers.

The Whitehorse experience is a blatant cash grab and coffer emptying, or immediate move to commit and spend and hence eliminate all reserves, as well as to going into significant debt.

The ESC must move the base year back to the year prior to any Councils' having knowledge and ability to react adversely to the forthcoming Rate Cap.

THE WHITEHORSE EXPERIENCE

Whitehorse Council has failed to heed Minister Hutchin's warning about raising rates by inordinate percentages this year in cash grabs leading up to Rate Capping.

On the long term Whitehorse has been increasing rates by more than 6% per annum. Last year it reduced the increase to 5.8%, then this year to 5.6%, but tacked on a 2% surcharge taking the actual increase to a whopping 7.6%. In the Budget Papers the 2% was disguised as a major asset redevelopment contribution.

(And Whitehorse Council has now secreted the Carbon Tax Rebate due for repayment to Ratepayers, into general revenue – originally stated at the end of 2014 as withheld “for 2015/16 budget consideration” – and not refunding this rebate would take the effective 2015/16 rate rise to well over 8%).

However, the Mayor admitted in a subsequent open Council Meeting that the 2% was actually councils reaction to rate capping, i.e. admitted it was a blatant cash grab prior to rate capping.

The draft budget was deception and lying at its best! Whitehorse Council demonstrably cannot be trusted.

ACTIONS FOR THE ESC

WRARA is extremely concerned that should a transition period to rate capping occur that this council does not have the opportunity to blatantly rip off ratepayers with yet more cash-grabs.

Further, we believe that at the next budget in 2016/17 the Whitehorse Council should be forced to repay these blatant and openly admitted 2% cash grabs of 2015/6.

The ESC must move the base year back to the year prior to any Councils' having knowledge and ability to react adversely to the forthcoming Rate Cap. For Whitehorse this cash grab year of 2015/16 must not be used as the base year. Alternatively the base for Whitehorse Council should be the 2015/16 year minus the 2% cash grab.

E) THE NSW EXPERIENCE

SUMMARY

Based on the ESC Draft it would appear that some evaluation, but not **rigorous** evaluation, of the NSW experience has occurred.

OBSERVATIONS

We are concerned that the ESC investigation has not adequately reviewed the NSW rate capping learnings. Areas such as quantifying the situation before and then after rate capping on Local Government Cost Index trends. These must be reviewed before and after, else the proposed Victorian indexes may well be set too high. The NSW index appears to have fallen dramatically as the contractors/suppliers had to sharpen their pencils post capping.

We note that NSW councils were previously seen as “cash cows” by contractors and others.

It appears that NSW council salaries have similarly been affected given that Council’s suddenly could not cash spray in all directions, and give in as easily to ambit union wage demands.

Any future Victorian council workplace agreement/s must include significant efficiency commitments by council employees, else be restricted to CPI.

Similarly, it must be determined from the NSW experience which councils require individual assistance. This does not appear to have been adequately developed by the ESC report.

The ESC may wish to look at the true levels of business acumen within Victorian councils.

Again an analysis of the history of Rate Capping in NSW would be beneficial in this area. NSW Councils could be broadly categorised into two groups – those demonstrating business acumen, and those demonstrating a philanthropic approach.

Not unsurprising many of the country NSW councils who historically had done it fairly tough, shone through in many areas with Rate Capping. They were used to making tough business orientated decisions.

Some of the philanthropic Councils were able to make a transition, but some ended up in disarray. In a number of cases the Minister has had to step in.

So in many instances Councils will require assistance in their transitions. And again, hopefully, there will be some form of preclusionary measures during any transition to prevent ongoing cash grabs and stupid knee jerk spending..

Successful councils under rate capping in NSW made, or already had made, the transition to a much higher level of business acumen. They moved away from emotive and subjective and philanthropic decision making to decisions based on sound business principles. This will be a total culture shift for some philanthropic cash spray Councils such as Whitehorse. Successful NSW councils moved to quantitative and structured decision making. The use of good, well justified, business cases using good financial principles and risk assessments. They worked hard at justified Maintenance of Assets rather than having the easy-out option of “let’s just replace it”, but at a higher net present value. The NSW effort has brought councils to a more commercial approach. They have rationalised their Asset Bases, removed themselves from competitive commercial business areas, and so on.

And this contrasts with Whitehorse Council where, in its 2015/6 budget, it has announced it **will** spend \$78 million dollars to redevelop the Whitehorse Centre (a theatre and meeting/multipurpose rooms complex in Nunawading) and **will** spend \$28 million redeveloping the Nunawading Neighbourhood Hub – a total of \$106 million.

And this is even **before** any business cases are developed!. And this is **before** any financing has been investigated.

And Whitehorse Council has not heeded the Government’s warnings, and has optimistically, for the next 4 budget periods, identified annual increases in Rates of 4% year on year. This is blatantly a gross overestimate and an open challenge to the Government.

[The \$78 million redevelopment of the Whitehorse Centre is unjustified given that only 2% of Whitehorse residents use the Centre. More Residents from outside Whitehorse use the centre than Whitehorse Residents. A majority of Residents who have input to Council have objected, but Council won’t release the summaries of these inputs. Council has also made false claims as to the number of attendances and individuals who use the Centre.]

OUR CONCERNS

We are concerned that Whitehorse councillor’s “pitch” concerning the reasons for the Victorian Local Government Index being much higher than CPI is either biased, ill informed, or deliberate misinformation. Whitehorse councillors continuously promote cost increases as due to the high rate of increase of construction and material costs. Then at the 2015/16 budget the Mayor identified the high rate of increase was due to rapid population growth in Whitehorse. But in reality at Whitehorse, internal salaries are the largest budget component, and they are increasing at an unsustainable rate above CPI.

This clearly identifies that councils must start controlling their cost of salaries, and the size and efficiency of their labour force. We call on the ESC to intervene in this regard. Any future Victorian council workplace agreement/s must include significant efficiency commitments by council employees, else be restricted to CPI.

Similarly, it must be determined from the NSW experience which councils require individual assistance (if not all). This does not appear to have been adequately developed by the ESC report. We encourage the ESC to review Councils and identify deficiencies in their business acumen for the constructive benefit of the Councils. Councils (and Councillors) will have to go through a very short and steep learning curve in order to effectively transition to Rate Capping.

F) THE UK EXPERIENCE

SUMMARY

Victoria is not alone in its move to Rate Capping. Much is known superficially about NSW Rate Capping.

However, very little is known of our Democratic Forebear and its experience in Rate Capping and Transparency in recent years.

We call on the ESC to include a review of the UK experience which may well have bonus areas for their work on Rate Capping.

OBSERVATIONS

Attached in Appendix II and III are two UK Government policy documents summarising much of the factual happenings in the UK.

It is interesting that the UK has moved on from Rate Capping and is now providing municipal ratepayers with veto power over rate increases. So, what experiences have they had which would move them on from Rate Capping? Are there items we should include in these Rate Capping efforts which would preclude or postpone a move to veto powers? Should veto power be a part of our Rate Capping?

Similarly, the UK changes introduced on financial transparency are way more and much better than is being proposed by the ESC.

The ESC is encouraged to thoroughly review (and make public) the UK experience in the areas of Rate Capping and Financial Transparency.

We call on the ESC to include ratepayer veto powers with regard to rate increases.

We call on the ESC to dramatically expand the Financial Transparency of councils

Further, due to Whitehorse Council's ongoing deficiencies in fiduciary capability, and its deceitful and dishonest approach to decision making, it is essential that Capital Projects with total project cost in excess of mandated amounts, be the subject of local Ratepayer postal referendum.

G) EFFICIENCY AND FUNCTION

SUMMARY

When speaking of efficiency it is very apparent that both council executives and councillors, and the ESC, don't know what underlies efficiency. There appears to be lack of knowledge as to how to improve efficiency (apart from stating it's not just cost cutting). The players don't seem to know what 'continuous improvement' is, what small step and large step improvements are all about. Or how to structure and train for continuous improvement, and so on.

Do you know what kaizen is?

We believe that the ESC may well be out of its depth on this one, and that expertise, e.g. from the automotive industry, should be brought to bear.

THE WHITEHORSE EXPERIENCE

There is an absolute and total outward focus on compliance with the 'best value' approach, and Whitehorse council is to be commended for this.

However there is almost a zero focus on internal efficiency. Whitehorse Council is hiding an absolute plethora of internal inefficiency. There is occasional mention of one off step improvements (typically blatantly obvious blunders). But there is no visibility of any internal Continuous Improvement Program or activity within Council.

And there is some significant evidence of inefficiency. Examples range:-

- From the large quantities of office waste paper. It is often necessary when attending Council Meetings to walk past the approximately 20 large wheelie bins of scrap office paper placed weekly on the public footpath outside Whitehorse Council Chambers. A cursory examination shows not only private confidential information in a public place, but thousands of printed and photocopied sheets being scrapped. Further, the additional recycling bins uniquely labelled for empty drink containers are also contaminated with paper and other rubbish. Notwithstanding, council's stationery and copying bills are over exorbitant and the top!
- To the use of large 4 ½ tonne John Deere tractor mowers in reserves with high densities of trees which drop the mowers efficiency to single digits (added cost) when compared with the small sprightly front-deck mowers.
- To a council supervisor, called to a major failure of a pit cover (causing exposure of the public to a risk of serious injury – probably death) didn't bring any barricade material in his utility, and made another trip (added cost) to obtain essential barriers!
- To plumbers working on the taps in a reserve who didn't carry any council standard taps and had to come back (added cost) another day to complete a repair.
- To a \$20,000 replacement of all council office chairs – they must have all failed together!!! Ho! Ho! etc..

Whitehorse Council has employed an ex-Toyota Engineer to purportedly look at efficiency. But, to date there has been no public communication and little incentive to drive continuous improvement.

So there is absolutely no incentive for council to improve its internal operations, and no visibility or transparency in these actions by council, so we expect it won't improve much.

Further, council's functional and procedural audit is a farce. Council can cleverly conceal any contentious issue or issues where it would be in the wrong, or shown to be in bad light, or, heaven forbid, inefficient.

OTHER CONSIDERATIONS

One recent suggestion was for the ESC to request and Local Government Minister to incorporate into the Local Government Act (LGAct) a listing of those specific items to which Councils must limit their expenditure. Spending outside the prescribed list would invoke statutory/lawful actions by the State.

Whitehorse Council claims to have some 100 to 150 services. It doesn't know how many, and doesn't quite know what they are. It almost appears that if the typist scratches her ear whilst typing a letter to a Ratepayer, then this scratching is a service.

And why are Councils into commercially competitive enterprises. This is not the reason for the existence of Councils, and Councils must be outlawed from such environments. Whitehorse openly admits its "Aqualink" centres are not returning appropriate income due to market place competition. And Whitehorse owns a golf course when there are numerous competing golf courses in Whitehorse and surrounding areas, and, etc..

A further suggestion has been the inclusion in the LGAct that a Ratepayers referendum must be held where a Council wishes to spend more than a prescribed percentage of one years budget on a single complete capital project (which itself may run over a number of years).

Councils will need assistance in many areas to transition to rate capping. A whole cultural change and new skills are a prerequisite. **Internal** continuous improvement has not been mentioned once in the ESC Draft. The majority of discussion on efficiency has been looking "outwards" at suppliers and contractors.

ESC ITEMS

We are very concerned that council is its own policeman, and that a broader member multi-stakeholder base must be used for the audit committee.

We are also very concerned that council is wasting vast sums of ratepayer funds on internal operations. Councils must have 'key performance indicators' [kpi's] and targets for internal continuous improvement and efficiency improvements as well as structured programs of Continuous Improvement and compulsory training and reporting.

The automotive industry is a world leader in continuous improvement infrastructure. Given the forthcoming demise of this industry in Australia, an opportunity exists as this knowledge and infrastructure would be very transferable to Council operations, and including integration of and licensing to ISO9000.

We believe that efficiency factors should also be applied to council suppliers/contractors as is the norm for 1st tier component suppliers in the automotive industry, and significant longer term suppliers and contractors should also be involved in ISO9000.

Council will need significant assistance to grow an internal efficiency culture.

H) THE VARIATION PROCESS

SUMMARY

One very important area which does not appear to have been covered by the ESC enquiry is the approach and reaction expected of Councils with regard to Rate Cap Variations.

EXPECTED WHITEHORSE RESPONSE

By its demonstrated dubious history this Council will place all its inefficiency and waste, and philanthropic cash sprays, into the CPI/WPI Capped portion of its budget. This will push out discrete projects into the Variation arena. Council will then put very carefully researched, justified, and well presented Capital Projects into applications for Rate Cap Variations.

So where is the thorough review of the CPI/WPI Capped portion to identify the inefficiency and waste, and philanthropic cash sprays prior to Variation approval???

OUR CONCERNS

Council has an Audit Committee which is almost innocuous given it is predominantly Council auditing Council, has negligible independence, only works on items submitted from the Council side, and is confronted with conflicts of interest.

It is understood that Council applications for Variations may be assessed in-camera with no Ratepayer scrutiny or representation, and/or relevant detail will not be available to Ratepayers due to a total lack of Transparency of all budget aspects.

We are concerned that ESC decisions will be made in isolation of the major stakeholder, the Ratepayer.

We are extremely concerned that due to a lack of transparency and detail in budgeting, that Council will simply slip around the edges of any statutory requirements.

We are concerned that Council will redirect Variation funding to other areas/projects without good budget and account transparency to Ratepayers.

Further, we are extremely concerned that no penalty structure has been proposed regarding failures of Councils to comply with the Rate Capping and Variation Framework.

We are extremely concerned that Councils will, at worst, get a verbal sanction or slap on the wrist for non compliance with the Rate Capping and Variation Framework.

“Justice must not only be done, but must be seen to be done.”

APPENDIX I

EXTRACT FROM

WHITEHORSE CITY COUNCIL
DRAFT BUDGET
2015/6

3.3 Budget Consultation

The Budget has been carefully prepared following community consultation throughout the year and is guided by priorities outlined in key strategic documents including the revised *Council Plan 2015-2019*, *Draft Strategic Resource Plan* and other major plans and strategies. Consultation is a major area of focus for the Whitehorse City Council. Consultation on the Proposed Budget 2015/16 included:

- Annual Residents' Survey including Budget specific questions mailed to 1,600 randomly selected residences in October 2014.
- Councillor Budget Committee chaired by the Mayor which included all Councillors and met monthly from December.
- Review and consideration of early Budget submissions.
- Two community information sessions held in March 2015 to discuss the development of Whitehorse's Budget 2015/16.
- A number of other Council consultations held throughout the year impacting on the development of the Budget 2015/16.

3.4 Budget Question within the Annual Residents' Survey – Allocation of \$100 for Services

If residents had \$100 to allocate amongst a list of services, they would apportion most of their money to Home and Community Care (\$14.49), albeit less than the \$18.22 recorded last year, Roads, Footpaths and Drains (\$12.01), and Waste Collection and Recycling (\$11.79), which increased by more than \$3.00 on last year. This was followed by Health and Family Services (\$10.17), and Road Safety and Traffic Management and Parks and Playgrounds, both of which were above \$8.00. These six services accounted for two thirds of the budget allocation of this survey.

The services which the highest number of respondents allocated money to were: 69% allocating money to Home and Community Care, 67% to Roads, Footpaths and Drains, 65% to Waste Collection and Recycling, 63% to Health and Family Services and 60% to Road Safety and Traffic Management. The top two services remained in the same order as the previous year, with Waste Collection and Recycling moving ahead of Health and Family Services, and Road Safety and Traffic Management considered more important than Parks and Playgrounds this year.

The average dollar allocation per service and the percentage of people allocating money to that service are set out in the following table.

2014 Dollar Allocations and Percentage Spending

	\$ Ave	% (n=340)
Home and Community Care	14.49	69%
Roads, Footpaths and Drains	12.01	67%
Waste Collection and Recycling	11.79	65%
Health and Family Services	10.17	63%
Road Safety and Traffic Management	9.73	60%
Parks and Playgrounds	8.31	58%
Environmental Projects	7.34	51%
Leisure and Recreation Facilities	6.29	50%
Sustainable Transport	6.10	48%
Planning	5.72	45%
Community Facilities	4.36	45%
Community Events and Festivals	3.09	38%
Other	0.60	4%

The full survey report is available on Council's website at <http://www.whitehorse.vic.gov.au/Residents-Survey.html>

APPENDIX II

GOV.UK POLICY-

Making sure Council Tax payers get good value for money



Policy

Making sure Council Tax payers get good value for money

From: Department for Communities and Local Government (<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>) and The Rt Hon Eric Pickles MP (<https://www.gov.uk/government/ministers/secretary-of-state-for-communities-and-local-government>)

First published: 11 October 2012

Last updated: 6 May 2014 , see all updates

Part of: Local government (<https://www.gov.uk/government/topics/local-government>)

Applies to: England (see policy for Scotland (<http://www.scotland.gov.uk/Topics/Government/local-government/17999/counciltax>), Wales (<http://wales.gov.uk/topics/localgovernment/finandfunding/counciltax/?lang=en>) and Northern Ireland (<http://www.northernireland.gov.uk/index.htm>))

Issue

Council Tax bills in England more than doubled between 1997 and 2011. We want Council Tax payers to be able to veto excessive rises, to help them reduce their living expenses. We also want to make sure that they get good value for money from their councils.

Actions

Council Tax freeze

We will have provided funding of up to £5.2 billion to help freeze Council Tax (<https://www.gov.uk/government/policies/making-sure-council-tax-payers-get-good-value-for-money/supporting-pages/council-tax-freeze>) over the lifetime of this Parliament.

Council Tax referendums

We have changed the law to give local residents the power to veto excessive Council Tax rises.

Bins and waste collection

We've set up a Weekly Collection Support Scheme (<https://www.gov.uk/government/policies/making-sure-council-tax-payers-get-good-value-for-money/supporting-pages/bins-and-waste-collection>) to support local authorities to provide weekly collections of household waste and recycling.

Reducing the costs of administering Council Tax

We've given local residents a new legal right to choose to pay their Council Tax bills in 12 monthly payments, rather than the fixed 10, in the course of a year.

Giving councils more freedom to decide what discounts people should get for second homes and empty homes

The government has given councils greater local flexibility to choose to waive special tax relief on second homes and empty homes. This will allow councils to increase the amount of Council Tax they collect without increasing the overall band D Council Tax rate.

Removing barriers to extended families living together by providing a national Council Tax discount for annexes

We've introduced a new national Council Tax discount (<https://www.gov.uk/government/news/government-ends-family-tax-penalty-for-hardworking-families>) for family annexes.

Background

Council Tax is the main source of locally raised income for many local authorities. This helps make up the difference between the amount a local authority wishes to spend and the amount it receives from other sources, such as government grants.

Council Tax replaced the Community Charge on 1 April 1993 and is calculated based on the Council Tax band assigned to the property. Bands are assigned based on the value of the property in 1991, or the most recent revaluation.

The government's intention to freeze Council Tax for at least 1 year and give local residents the power to veto excessive rises in Council Tax bills was outlined in the Coalition Agreement (<https://www.gov.uk/government/publications/the-coalition-documentation>).

The government announced on 23 March 2011 that all eligible local, fire and rescue and police authorities in England had decided to freeze or reduce their band D Council Tax in 2011 to 2012 and would therefore all be eligible to get the extra grant.

On 8 October 2012 the Chancellor of the Exchequer announced (<https://www.gov.uk/government/news/third-year-of-council-tax-freeze-announced>) new support for local authorities in England to help them freeze Council Tax for a third year.

On 26 June 2013 funding for 2 further years (2014 to 2015 and 2015 to 2016) of Council Tax freeze was announced (<https://www.gov.uk/government/speeches/spending-round-2013-speech>) by the Chancellor of the Exchequer.

Who we've consulted

The government consulted on introducing technical reforms to Council Tax (<https://www.gov.uk/government/consultations/technical-reforms-of-council-tax>) in October 2011.

The consultation paper discussed possible changes to Council Tax charges for people who own a second home or an empty property. It also covered other potential reforms including changing the arrangements for paying Council Tax by instalments.

In August 2013 the government invited views (<https://www.gov.uk/government/consultations/council-tax-national-discount-for-annexes>) on the level of Council Tax that should apply to properties with self-contained annexes.

Bills and legislation

The Localism Act 2011 (<http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>) provides local residents with the power to approve or veto excessive Council Tax rises. This replaced the previous power of the Secretary of State for Communities and Local Government to set limits for Council Tax increases.

APPENDIX III

GOV.UK POLICY-

Making local councils more transparent and accountable to local people



Policy

Making local councils more transparent and accountable to local people

From: Department for Communities and Local Government (<https://www.gov.uk/government/organisations/department-for-communities-and-local-government>) and The Rt Hon Eric Pickles MP (<https://www.gov.uk/government/ministers/secretary-of-state-for-communities-and-local-government>)

First published: 7 November 2012

Last updated: 31 December 2013 , see all updates

Part of: Local government (<https://www.gov.uk/government/topics/local-government>)

Applies to: England (see policy for Scotland (<http://www.scotland.gov.uk/Topics/Government/local-government>), Wales (<http://wales.gov.uk/topics/localgovernment/?jsessionid=5C06C72C6E34D877275EBA8671C4E235?lang=en>) and Northern Ireland (<http://www.northernireland.gov.uk/index.htm>))

Issue

The public should be able to hold local councils to account about the services they provide. To do this, people need information about what decisions local councils are taking, and how local councils are spending public money.

If councils publish their data in open formats with open licences, (<http://www.nationalarchives.gov.uk/information-management/government-licensing/about-the-ogl.htm>) people will be able to use and reuse the data for many different purposes.

Actions

Publishing council spending and salaries online

The Department for Communities and Local Government (DCLG) has asked all local councils and fire and rescue authorities in England to publish spending information over £500 online.

We've created guides on publishing local spending data (<http://localtransparency.readandcomment.com/>), senior salary information (<http://localsalaries.readandcomment.com/>) and new contracts (<http://localnewcontracts.readandcomment.com/>). The guidance was produced by the Local Government Association (<http://www.local.gov.uk/>), working with the Local Public Data Panel (<http://data.gov.uk/blog/local-public-data-panel>).

Local councils must now produce policy statements about staff pay, including senior and lower-paid staff.

People's rights to see council accounts

People have 20 days a year to inspect town hall accounts.

Local government transparency code

We've drawn up a code of recommended practice for local authorities on data transparency (<https://www.gov.uk/government/publications/local-government-transparency-code-2014>).

In March 2014 we consulted (<https://www.gov.uk/government/consultations/draft-transparency-code-for-parish-councils>) on a proposed transparency code for parish councils with a turnover not exceeding £25,000.

Local council publicity

We've introduced a new publicity code for local councils in England (<https://www.gov.uk/government/publications/recommended-code-of-practice-for-local-authority-publicity>). The code provides guidance on the content, style, distribution and cost of local authority publicity.

The Local Audit and Accountability Act 2014 (<http://www.legislation.gov.uk/ukpga/2014/2/section/39/enacted>) gives this guidance greater force by putting compliance with the code on a statutory basis.

Reforming local audit

We are replacing the Audit Commission with new local arrangements for auditing local councils.

This means:

- local bodies will be able to appoint their own auditors from an open and competitive market
- oversight by the National Audit Office, Financial Reporting Council and professional accountancy bodies will make sure that high standards of auditing continue

The Local Audit and Accountability Act 2014 (<http://www.legislation.gov.uk/ukpga/2014/2/contents/enacted/data.htm>) will disband the residual Audit Commission and introduce a new local audit framework. The Local Government Association will set up a new company to take on responsibility for management of the Audit Commission's contracts until the legal introduction of local appointment in 2017.

Local procurement

We're encouraging all councils to make regular use of Contracts Finder, (<https://www.gov.uk/contracts-finder>) a tool that helps match up providers and bidders.

We have made it easier for small and medium-sized companies to bid for contracts by removing the need for bidders to complete a pre-qualification questionnaire to tender for contracts under £100,000.

Accountability system statement for local government

DCLG publishes an annual Accountability system statement for local government (<https://www.gov.uk/government/publications/accountability-system-statements-for-local-government-and-fire-and-rescue-authorities>). This sets out the funding systems, laws and guidance that apply to local councils and fire and rescue authorities.

Demonstrating the benefits of local transparency

In partnership with the London Borough of Lambeth, DCLG has developed Lambeth in Numbers (<http://www.lambeth-in-numbers.co.uk/>) to demonstrate how better access to information can help people to understand and solve problems in their area.

We'll be using this demonstration project to stimulate further debate in Lambeth and other local council areas about open data.

The Openly Local (<http://openlylocal.com/>) project now makes use of the data provided by more than 140 local councils.

Publishing more council information will also put the voluntary sector and small businesses in a stronger position to bid for contracts.

Gathering better financial information from local government to help make public services more efficient

We ask local authorities in England to report revenue expenditure and forecast outturn (<https://www.gov.uk/government/policies/making-local-councils-more-transparent-and-accountable-to-local-people/supporting-pages/quarterly-revenue-outturn>) every 3 months.

We've also published the single data list (<https://www.gov.uk/government/policies/making-local-councils-more-transparent-and-accountable-to-local-people/supporting-pages/single-data-list>). This is a list of all the datasets that local government must submit to central government.

In accordance with HM Treasury requirements, DCLG collects returns from English local authorities for Whole of Government Accounts (<https://www.gov.uk/government/policies/making-local-councils-more-transparent-and-accountable-to-local-people/supporting-pages/local-data-for-whole-of-government-accounts>).

Background

Sir Bob Kerslake, Permanent Secretary of DCLG, published a report on the transparency of local public services (<https://www.gov.uk/government/publications/accountability-adapting-to-decentralisation--2>) in September 2011. The report recommended ways to make sure that local councils are transparent and accountable.

As a result of this report, all government departments started to publish annual 'accountability system statements' about the money they provide to local bodies. These statements demonstrate to Parliament that appropriate checks on spending are still in place following the move to a more local approach.

Who we've consulted

DCLG consulted on the draft local government transparency code (<https://www.gov.uk/government/consultations/local-authorities-data-transparency-code>) in early 2011. In October 2012, we consulted on updating the code and making it mandatory (<https://www.gov.uk/government/consultations/improving-local-government-transparency>).

We consulted on the draft Local Audit Bill (<https://www.gov.uk/government/consultations/draft-local-audit-bill>) in July and August 2012. In November 2013 we consulted (<https://www.gov.uk/government/consultations/future-of-local-audit-consultation-on-secondary-legislation>) on proposed regulations that will be needed for new local audit arrangements. On 30 January 2014 the Local Audit and Accountability Act became law. This will abolish the Audit Commission and put in place new local arrangements.

We consulted local authorities about our draft revised Publicity Code (<https://www.gov.uk/government/consultations/local-authority-publicity-code>) in 2010. The Communities and Local Government Select Committee also undertook a short inquiry looking at the draft revised Code. Their report (PDF 4.2MB) (<http://www.publications.parliament.uk/pa/cm201011/cmselect/cmcomloc/666/666.pdf>) was published on 27 January 2011. We consulted (<https://www.gov.uk/government/consultations/protecting-the-independent-press-from-unfair-competition>) on proposals to put compliance with the code on a statutory basis.

Bills and legislation

Public accountability of local government is covered in several Acts:

- the Local Audit and Accountability Act 2014 (<http://www.legislation.gov.uk/ukpga/2014/2/contents/enacted/data.htm>)
- the Localism Act 2011 (<http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>)
- the Public Bodies (Admission to Meetings) Act 1960 (<http://www.legislation.gov.uk/ukpga/Eliz2/8-9/67>) opened up meetings to the public, allowing members of the public and press to attend meetings of councils and certain other public bodies
- the Local Government Act 1972 (<http://www.legislation.gov.uk/ukpga/1972/70>) requires councillors to declare their interests, and councils to publish agendas, documents and reports
- the Local Government Planning and Land Act 1980: section 96 (<http://www.legislation.gov.uk/ukpga/1980/65/section/96>) established a public register of land and buildings owned by local councils. The aim of the register is to identify government land and buildings which are not being fully used
- the Local Government (Access to Information) Act 1985 (<http://www.legislation.gov.uk/ukpga/1985/43>) provides public access to local authority meetings, reports and documents.
- the Local Authorities (Members' Allowances) Regulations 1991 (<http://www.legislation.gov.uk/uksi/1991/351/contents/made>) requires local authorities to publish the recommendations made by their independent remuneration panel, their scheme of allowances and the actual allowances paid to any member of the authority in any given year
- the Local Government Finance Act 1992 (<http://www.legislation.gov.uk/ukpga/1992/14>) allows members of the public to obtain information about local domestic rating lists
- the Freedom of Information Act 2000 (<http://www.legislation.gov.uk/ukpga/2000/36/contents>) allows people to request copies of information held by public authorities
- the Local Government Act 2000 (<http://www.legislation.gov.uk/ukpga/2000/22/contents>) provides people with access to information held by local authority executives, like leaders and elected mayors

Partner organisations

We're supporting the Local Public Data Panel, (<http://data.gov.uk/blog/local-public-data-panel>) an independent panel of experts on open data and transparency chaired by Professor Nigel Shadbolt. The panel was set up to make local public services better understood and more accessible. Its members include local authorities, community activists and web developers.
